

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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1. The Minister of Foreign Trade is András Szobek; his first deputy is László Háy, the second deputy is János Császár (formerly director of Nikex), the third deputy's name is unknown.
2. I. Division (personnel), Chief: Pál Latzkó, an old Communist who lived in Paris for a long time. The following sections are under him:
 - a. Personnel, commercial attachés (this section handles the correspondence with the Hungarian diplomatic and consular missions).
 - b. Passports: Also handles the passport affairs of foreign commercial attachés accredited in Budapest and occasional foreign delegates. The AVH has several of its officers assigned to this section. When an official of the Ministry negotiates with a foreign commercial attaché or delegate, an AVH officer is introduced as a member of this ministry; foreigners are not allowed to negotiate with a Hungarian official without the presence of an AVH official.
 - c. Section of foreign trade delegations: Permanent and occasional delegations.
3. II. Division: International affairs. Chief is unknown. Composed as follows:

Scandinavian desk
Benelux desk
French desk
West German desk
Near Eastern desk

Swiss desk
East German desk
South American desk
US desk
Chinese desk

Russian desk
Rumanian desk
Bulgar desk
Turkish desk
Miscellaneous

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4. III. Division: Planning. Chief is László Wessely, [REDACTED]

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The following sections are under him:

- a. Study group: Reviews the foreign economic press and literature, and publishes a quarterly about export-import possibilities, price formation, etc.
 - b. Market exploring group. It has several desks: tin desk, lead desk, rubber desk, copper desk, etc. It handles problems of raw material procurement and works with utmost secrecy. Its officials are experts; they all speak foreign languages and have university diplomas. The political police keeps close watch on them. The economic experts of this section are compelled to follow the Party line, and depict the foreign economic situation according to the expectations and propaganda of the Communist Party. Above all, they must sharply criticize and abuse the US and accuse it of "exploiting and robbing its own allies".
 - c. Press group: Edits a daily press review about foreign economic views.
5. IV. Division: Operations. To this division belong the various state undertakings, which centrally handle some aspect of export-import, for example textiles. At present there are 21 such state undertakings, the functioning of which is supervised by the Ministry of Foreign Trade.
- a. The operational functioning of the Hungarian commercial attachés and delegates abroad is supervised by this division. These Hungarian commercial attachés and delegates seek and buy (mostly illegally) all raw materials needed by Hungarian industry. They often are involved in espionage and clandestine courier functions. They still do very substantial business with and through Belgium, Italy, Switzerland, Austria, Holland, in lesser degree England and West Germany. They open bank accounts in their own names in Western banks, and when they have stolen enough money and still have time to escape from the political police, they "resign" and go over to the Western democracies as "political martyrs". They make their most lucrative profits by illegal re-exportations, and they go mainly after tin, nickel, steel ball bearing, manganese, tungsten, molybdenum, iron, rubber and cotton. At present, according to the strictest orders of the Ministry, only strategically important raw materials can be purchased abroad for dollar exchange, for there is a chronic dollar shortage in Hungary. For important raw materials it is allowed to offer Hungarian export articles well below the world market prices, or buy them well above the international prices in foreign exchanges.
 - b. In connection with the Soviet Union, this division has innumerable difficulties, for the Russians never deliver the promised raw materials in the stipulated time, quantity and above all, never in the required quality. On the other hand, the Russians never accept, either in the framework of reparations deliveries, nor for regular imports, articles made from substitute materials, but only goods made of the highest quality materials. The Russians do not care where the Hungarian industry procures the necessary raw materials. The Russians are extremely fussy and exacting; they are never satisfied and reject a whole delivery for a single insignificant fault which could be repaired immediately. The Russians cause the Hungarian industry multi-million forint losses by these rejections. In connection with the Soviet Union, there are no real and sound trade relations; everything comes about by pressure and compulsion. One example: the Russians buy Polish coal for \$ 13.25

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per ton, then resell the same coal to Hungary for \$ 23.00 per ton. They show the same kind of "socialistic collaboration" as regards Hungarian oil, which they buy from Hungary for \$ 30.00 per ton, and then resell to the other Satellites for \$ 45.00 per ton.

6. V. Division: Quality control. This division maintains quality controlling representatives at the various state undertakings and at the frontier stations.
7. VI. Division: Budget.
8. VII. Division: Administration.

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